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**AGENCY OVERVIEW****120 Office of the State Treasurer**

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**Date:** 01/13/2011**Time:** 11:12:19**Statutory Authority**

ND Constitution Article V, Section 02; Article X, Sections 12 and 25; North Dakota Century Code Sections 4-24-09, 4-28-08, 5-01, 5-03, 5-04, 15-03-01, 15-10-12, 15-13-07, 16.1-15-33, 21-01, 21-04, 21-10-01, 25-01-11, 32-15-31, 37-14-14, 37-15, 50-27-01, 54-06, 54-11, 54-16-08, 54-27, 54-30, 55-01, 57-13-01, 57-32-05, 57-51-14, and 65-04-30.

**Agency Description**

The State Treasurer's office serves as the custodian of all state funds. The agency is responsible for the cash management of the general fund as well as the investment services of special funds and numerous trust funds. The State Treasurer's Office is responsible for distributing accurate and timely tax distributions to over 500 political subdivisions across the state.

**Agency Mission Statement**

The mission of the State Treasurer's office is to fulfill our constitutional and statutory responsibilities in order to assure sound financial oversight and absolute safety of all public funds collected, managed, and disbursed.

**Agency Performance Measures**

- The State Treasurer's Office provides a daily investment management service to over 25 state agencies and trust funds, which amounts to over 90 individual investment accounts.
- The State Treasurer's Office is responsible for the distribution of over 1.5 million accounting, human service and payroll checks biennially.
- Daily, our agency manages over \$1 billion of state general and special funds.
- The State Treasurer performs direct deposit-electronic funds transfer for tax distributions of over \$525 million to approximately 500 political subdivisions, which not only makes the money available to subdivisions in a timely manner, but also enhances government efficiency at both the state and local level.

**Major Accomplishments**

1. Rewrote the tax distribution system during the 2007 session, funding was secured to re-write the software with which the Office of the State Treasurer distributes its various taxes to the political subdivisions of North Dakota. The first of these tax distributions to be implemented on the new system was the oil and gas distribution. The weather-related distribution was also written into this software. The remaining distributions were written, tested and implemented during the 2009-11 biennium.
2. Enhanced the website. Tax distributions and BidND investments were made available on our website in the previous biennium. The office has continued to expand the content of the website throughout the current biennium. This tool has helped auditors, state agencies, legislators and the general public, by giving access to information without delay. It has brought transparency to the distribution process, as well as efficiencies in time and resources.
3. Conducted education and outreach and enhanced cooperation with political subdivisions. The Office of the State Treasurer directed more attention to its relationship with political subdivisions throughout the 2009-11 biennium. Since the office works closely with political subdivisions through tax distributions, it is crucial to have a good working relationship with each subdivision served. Further, as distributions become more complex and as the new tax distribution software changes the process and reports available to political subdivisions, outreach and communication is crucial to ensure quality customer service.
4. Continued efforts to expand financial literacy. Facilitated the statewide roll-out of an effort to improve the money management skills of high school students through the distribution of free copies of "Financial Football" – an interactive money management video game with an NFL theme – to every high school and public library in North Dakota. Continued to represent North Dakota and promote financial literacy nationally. Presented at the National Financial Education Network meeting hosted by the U.S. Department of the Treasury.
5. Maintained and strengthened the line of communication with financial officers throughout state government to address the daily cash needs and expenditures of their agency.
6. Developed new database and report systems.
7. Continued policy and procedure development.
8. Continued cross training of staff.
9. Eliminated any unnecessary printing for data available electronically.

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**Future Critical Issues**

As minerals continue to be an increasingly important asset to the state, we must maintain and expand our use of technology to be able to manage the revenue stemming from those minerals. Oil and gas is distributed by a very sophisticated formula, and providing as much information to political subdivisions and affected agencies is crucial. This office needs to stay ahead of the technology needed to properly distribute funds. Furthermore, it is critical that we can provide timely, informative reports to ensure that funds are properly distributed by those outside of this office who also bear the responsibility to distribute funds. While we completed a new online tax distribution system during the past biennium (TDOC), we need to ensure that we can continue to maintain and expand the system to best perform the duties of this office and serve the other agencies and political subdivision of the state.

**REQUEST SUMMARY**

120 Office of the State Treasurer

Biennium: 2011-2013

Bill#: SB2005

Date: 01/13/2011

Time: 11:12:19

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
<b>By Major Program</b>					
Administration	62,436,770	2,292,985	(34,816)	2,258,169	454,585
<b>Total Major Program</b>	<b>62,436,770</b>	<b>2,292,985</b>	<b>(34,816)</b>	<b>2,258,169</b>	<b>454,585</b>
<b>By Line Item</b>					
Salaries and Wages	797,119	956,507	19,184	975,691	0
Operating Expenses	557,086	131,478	0	131,478	201,785
Technology Project Carryover	0	54,000	(54,000)	0	0
In Lieu of Tax Payments	1,182,565	1,151,000	0	1,151,000	0
Weather Cost Sharing Program	59,900,000	0	0	0	0
Coal Severence Payments	0	0	0	0	252,800
<b>Total Line Items</b>	<b>62,436,770</b>	<b>2,292,985</b>	<b>(34,816)</b>	<b>2,258,169</b>	<b>454,585</b>
<b>By Funding Source</b>					
General Fund	62,436,770	2,292,985	(34,816)	2,258,169	454,585
Federal Funds					
Special Funds					
<b>Total Funding Source</b>	<b>62,436,770</b>	<b>2,292,985</b>	<b>(34,816)</b>	<b>2,258,169</b>	<b>454,585</b>
<b>Total FTE</b>	<b>7.00</b>	<b>7.00</b>	<b>0.00</b>	<b>7.00</b>	<b>0.00</b>

**REQUEST DETAIL**

120 Office of the State Treasurer  
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
<b>Salaries and Wages</b>					
Salaries - Permanent	600,180	690,612	11,724	702,336	0
Temporary Salaries	0	7,500	5,354	12,854	0
Fringe Benefits	196,939	258,395	2,106	260,501	0
<b>Total</b>	<b>797,119</b>	<b>956,507</b>	<b>19,184</b>	<b>975,691</b>	<b>0</b>
<b>Salaries and Wages</b>					
General Fund	797,119	956,507	19,184	975,691	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>797,119</b>	<b>956,507</b>	<b>19,184</b>	<b>975,691</b>	<b>0</b>
<b>Operating Expenses</b>					
Travel	10,830	11,000	0	11,000	0
Supplies - IT Software	43	1,600	0	1,600	0
Supply/Material-Professional	2,002	2,000	0	2,000	0
Miscellaneous Supplies	39	0	0	0	0
Office Supplies	3,888	4,500	0	4,500	0
Postage	7,968	9,000	0	9,000	0
Printing	2,482	3,500	0	3,500	0
IT Equip Under \$5,000	1,781	3,000	0	3,000	0
Office Equip & Furn Supplies	5,303	1,500	0	1,500	0
Insurance	2,050	2,000	0	2,000	0
Rentals/Leases-Equip & Other	2,979	4,400	0	4,400	0
Repairs	1,482	1,500	0	1,500	0
IT - Data Processing	496,017	70,000	0	70,000	201,785
IT - Communications	9,083	6,000	0	6,000	0
Professional Development	8,061	5,000	0	5,000	0
Operating Fees and Services	2,048	1,650	0	1,650	0
Fees - Professional Services	1,014	4,828	0	4,828	0
Medical, Dental and Optical	16	0	0	0	0
<b>Total</b>	<b>557,086</b>	<b>131,478</b>	<b>0</b>	<b>131,478</b>	<b>201,785</b>
<b>Operating Expenses</b>					
General Fund	557,086	131,478	0	131,478	201,785
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>557,086</b>	<b>131,478</b>	<b>0</b>	<b>131,478</b>	<b>201,785</b>

**REQUEST DETAIL**

120 Office of the State Treasurer  
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
<b>Technology Project Carryover</b>					
IT - Data Processing	0	54,000	(54,000)	0	0
<b>Total</b>	<b>0</b>	<b>54,000</b>	<b>(54,000)</b>	<b>0</b>	<b>0</b>
<b>Technology Project Carryover</b>					
General Fund	0	54,000	(54,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>54,000</b>	<b>(54,000)</b>	<b>0</b>	<b>0</b>
<b>In Lieu of Tax Payments</b>					
Grants, Benefits & Claims	1,182,565	1,151,000	0	1,151,000	0
<b>Total</b>	<b>1,182,565</b>	<b>1,151,000</b>	<b>0</b>	<b>1,151,000</b>	<b>0</b>
<b>In Lieu of Tax Payments</b>					
General Fund	1,182,565	1,151,000	0	1,151,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>1,182,565</b>	<b>1,151,000</b>	<b>0</b>	<b>1,151,000</b>	<b>0</b>
<b>Weather Cost Sharing Program</b>					
Transfers Out	59,900,000	0	0	0	0
<b>Total</b>	<b>59,900,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Weather Cost Sharing Program</b>					
General Fund	59,900,000	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>59,900,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Coal Severence Payments</b>					
Grants, Benefits & Claims	0	0	0	0	252,800
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>252,800</b>
<b>Coal Severence Payments</b>					
General Fund	0	0	0	0	252,800
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0

**REQUEST DETAIL**

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Biennium: 2011-2013

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Total	0	0	0	0	252,800

**Funding Sources**

General Fund	62,436,770	2,292,985	(34,816)	2,258,169	454,585
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total Funding Sources	62,436,770	2,292,985	(34,816)	2,258,169	454,585

**CHANGE PACKAGE SUMMARY**

120 Office of the State Treasurer

Biennium: 2011-2013

Bill#: SB2005

Date: 01/13/2011

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b><u>Base Budget Changes</u></b>						
<b>One Time Budget Changes</b>						
A-E 3 Remove One-Time IT Carryover		0.00	(54,000)	0	0	(54,000)
<b>Total One Time Budget Changes</b>		<b>0.00</b>	<b>(54,000)</b>	<b>0</b>	<b>0</b>	<b>(54,000)</b>
<b>Ongoing Budget Changes</b>						
Base Payroll Change		0.00	19,184	0	0	19,184
<b>Total Ongoing Budget Changes</b>		<b>0.00</b>	<b>19,184</b>	<b>0</b>	<b>0</b>	<b>19,184</b>
<b>Total Base Budget Changes</b>		<b>0.00</b>	<b>(34,816)</b>	<b>0</b>	<b>0</b>	<b>(34,816)</b>
<b><u>Optional Budget Changes</u></b>						
<b>One Time Optional Changes</b>						
A-D 2 Optional one-time request to maintain TDOC syste	2	0.00	235,000	0	0	235,000
<b>Total One Time Optional Changes</b>		<b>0.00</b>	<b>235,000</b>	<b>0</b>	<b>0</b>	<b>235,000</b>
<b>Ongoing Optional Changes</b>						
A-C 4 Budget increase request	4	0.00	252,800	0	0	252,800
<b>Total Ongoing Optional Changes</b>		<b>0.00</b>	<b>252,800</b>	<b>0</b>	<b>0</b>	<b>252,800</b>
<b>Total Optional Budget Changes</b>		<b>0.00</b>	<b>487,800</b>	<b>0</b>	<b>0</b>	<b>487,800</b>
<b><u>Optional Savings Changes</u></b>						
A-G 1 3% Optional Savings Package	1	0.00	(33,215)	0	0	(33,215)
<b>Total Optional Savings Changes</b>		<b>0.00</b>	<b>(33,215)</b>	<b>0</b>	<b>0</b>	<b>(33,215)</b>

**BUDGET CHANGES NARRATIVE****120 Office of the State Treasurer****Bill#: SB2005****Date:** 01/13/2011**Time:** 11:12:19

<b>Change Group:</b> A	<b>Change Type:</b> C	<b>Change No:</b> 4	<b>Priority:</b> 4
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Budget increase request - Increases due to critical needs: increased dollars to maintain and update IT needs.

This increased includes two additions. The first addition related to HB 1015 from the 2009 session, which requires the Office of the State Treasurer to include in the budget request money to reimburse coal producing counties for moneys paid to non-coal producing counties under the coal severance distribution. The second requested increase is based on our ongoing ITD needs related to mineral distributions and identified in our critical needs narrative attached to this budget.

As minerals continue to be an increasingly important asset to the state, we must maintain and expand our use of technology to be able to manage the revenue stemming from those minerals. Oil and gas is distributed by a very sophisticated formula, and providing as much information to political subdivisions and affected agencies is crucial. This office needs to stay ahead of the technology needed to properly distribute funds. Furthermore, it is critical that we can provide timely, informative reports to ensure that funds are properly distributed by those outside of this office who also bear the responsibility to distribute funds. While we completed a new online tax distribution system during the past biennium (TDOC), we need to ensure that we can continue to maintain and expand the system to best perform the duties of this office and serve the other agencies and political subdivision of the state.

<b>Change Group:</b> A	<b>Change Type:</b> D	<b>Change No:</b> 2	<b>Priority:</b> 2
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Optional one-time request to maintain TDOC system

This increased includes two additions. The first addition related to HB 1015 from the 2009 session, which requires the Office of the State Treasurer to include in the budget request money to reimburse coal producing counties for moneys paid to non-coal producing counties under the coal severance distribution. The second requested increase is based on our ongoing ITD needs related to mineral distributions and identified in our critical needs narrative attached to this budget.

As minerals continue to be an increasingly important asset to the state, we must maintain and expand our use of technology to be able to manage the revenue stemming from those minerals. Oil and gas is distributed by a very sophisticated formula, and providing as much information to political subdivisions and affected agencies is crucial. This office needs to stay ahead of the technology needed to properly distribute funds. Furthermore, it is critical that we can provide timely, informative reports to ensure that funds are properly distributed by those outside of this office who also bear the responsibility to distribute funds. While we completed a new online tax distribution system during the past biennium (TDOC), we need to ensure that we can continue to maintain and expand the system to best perform the duties of this office and serve the other agencies and political subdivision of the state.

<b>Change Group:</b> A	<b>Change Type:</b> E	<b>Change No:</b> 3	<b>Priority:</b> 3
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Remove One-Time IT Carryover - Remove carry-over from TDOC/mainframe rewrite project.

This change package relates to the one-time carryover dollars the office has relating to our mainframe re-write which was completed in the 2009-2011 biennium.

<b>Change Group:</b> A	<b>Change Type:</b> G	<b>Change No:</b> 1	<b>Priority:</b> 1
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3% Optional Savings Package - Governor

This is the savings package requested to be included in our budget by the Governor's Office. We would take this reduction in our IT line, because it is the only area of our budget that is big enough to absorb this sort of reduction. We are a very small agency, and we operate as frugally as possible, so reductions in all other line items would not be large enough to meet the overall 3% reduction.



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However, a reduction to our IT line is not a practical reduction for our agency. We rely on technology to fulfill the mission of our office as efficiently as possible and reduce the element of human error. The reduction conflicts with our optional package request to increase our IT budget as necessary to meet our critical needs relating to mineral tax distributions.

As minerals continue to be an increasingly important asset to the state, we must maintain and expand our use of technology to be able to manage the revenue stemming from those minerals. Oil and gas is distributed by a very sophisticated formula, and providing as much information to political subdivisions and affected agencies is crucial. This office needs to stay ahead of the technology needed to properly distribute funds. Furthermore, it is critical that we can provide timely, informative reports to ensure that funds are properly distributed by those outside of this office who also bear the responsibility to distribute funds. While we completed a new online tax distribution system during the past biennium (TDOC), we need to ensure that we can continue to maintain and expand the system to best perform the duties of this office and serve the other agencies and political subdivision of the state.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b> 1
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**Coal Severence Tax Revenue**

Provides funding to reimburse a coal producing county 50% of its lost coal severence tax revenue, resulting from payment to a non-coal producing county, as required in NDCC Ch. 57-62-02.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 2	<b>Priority:</b> 3
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**Remove In lieu of Tax Payments**

Removes the In Lieu of Tax Payments special line. The final payment on the CO<sub>2</sub> pipeline will be made in March, 2011.

<b>Change Group:</b> R	<b>Change Type:</b> B	<b>Change No:</b> 3	<b>Priority:</b> 2
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**IT Development Costs**

Provides additional IT funding for development costs resulting from system changes necessitated by additional and changed tax distrubtion.